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瑞安房地產
SHUI ON LAND

Shui On Land Limited

瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 272)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF SHANGHAI XIN WAN JING PROPERTY LIMITED**

The Board announces that on 20 December 2017 (after trading hours), 上海澤辰房地產經營有限公司(Shanghai Ze Chen Real Estate Co., Limited*, an indirect wholly-owned subsidiary of the Company) as the Purchaser, entered into the Sale and Purchase Agreement with the Seller whereby the Seller has agreed to sell and the Purchaser has agreed to acquire the entire equity interests in and the shareholder's loans to the Target Company at a consideration of approximately RMB1,144.3 million (equivalent to approximately HK\$1,353.7 million (subject to necessary adjustments if any)).

The Target Company is engaged in, among other things, real estate development and management and property management, and its sole asset is the Property, which comprises two office buildings known as 建發君逸大廈 (Jianfa Junyi Building*) and is situated at New Jiangwan City, Yangpu District, Shanghai, PRC.

As the highest applicable percentage ratio for the Company in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 20 December 2017 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Seller whereby the Seller has agreed to sell and the Purchaser has agreed to acquire the entire equity interests in and the shareholder's loans to the Target Company at a price of approximately RMB1,144.3 million (equivalent to approximately HK\$1,353.7 million) (subject to necessary adjustments if any). Such agreement was entered into following the Purchaser's successful bid in the tender in relation to the Target Company which closed on 19 December 2017.

A total sum of RMB220 million (equivalent to approximately HK\$260.3 million) has been paid into the bank account designated by the Shanghai United Assets and Equity Exchange for participating in the tender, which will be converted into part of the first instalment payment of the Consideration.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is located at New Jiangwan City, Yangpu District, Shanghai, PRC. With the geographical proximity of the Property to the KIC project of the Company, the Acquisition expands and strengthens the KIC brand, and increases our office portfolio in this upcoming and maturing office sub-market in Shanghai. It also fits well into our new long-term strategy in expanding the Company's presence in the Shanghai office market. In addition, the Property provides us an excellent opportunity to leverage on our brand and asset management expertise, as part of our transition into an asset light business model.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition and the Sale and Purchase Agreement as set out below are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

THE SALE AND PURCHASE AGREEMENT

Date

20 December 2017

Parties

1. 建發房地產集團有限公司 (C&D Real Estate Corporation Limited*), as the Seller;
2. 上海澤辰房地產經營有限公司 (Shanghai Ze Chen Real Estate Co., Limited*), as the Purchaser.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Seller and its beneficial owner(s) are independent of the Company and its connected persons.

Subject Matters

Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell and the Purchaser agreed to acquire the entire equity interests in and the shareholder's loans to the Target Company. Further particulars of the Target Company are set out in the section headed "Further Information on the Target Company and the Property" below.

Consideration and Payment Terms

The Consideration is RMB1,144.3 million (equivalent to approximately HK\$1,353.7 million) (subject to necessary adjustments if any) of which:

- (i) the deposit of RMB220 million paid by the Purchaser on submission of the bid will be converted into part of the first instalment of the Consideration and approximately RMB409 million will be additionally paid by the Purchaser within 3 business days after the signing of the Sale and Purchase Agreement, i.e. on or before 25 December 2017; and
- (ii) the remaining balance of the Consideration will be paid within 30 business days after the signing of the Sale and Purchase Agreement, i.e. on or before 1 February 2018.

With respect to the remaining balance of the Consideration, the Purchaser shall pay interest to the Seller at the base lending rate for any loan whose term is within one year promulgated by the People's Bank of China, being 4.35% per annum at the date of this announcement, from the date immediately after 3 business days after the signing of the Sale and Purchase Agreement until the date of actual payment of the remaining balance of the Consideration (both dates inclusive).

The Consideration, i.e. the bid price, was determined with reference to (i) the Property value based on comparable properties within comparable vicinity and physical specifications of the Property, (ii) the adjusted total amount of assets and liabilities of the Target Company at 31 July 2017, (iii) the shareholder's loans for an amount of approximately RMB319.3 million (equivalent to approximately HK\$377.7 million). It is expected that the payment of the Consideration will be funded by internal resources of the Group and new lending from financial institutions.

Completion

Completion may take place on full payment of the Consideration or it may, at the option of the Seller, take place before full payment of the Consideration provided that the Purchaser shall as security for due payment of the balance of the Consideration, provide a charge over the entire equity interests of the Target Company in favour of the Seller, which will be released upon the full payment of the Consideration.

Following completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and will be accounted for as a consolidated subsidiary in the Group's financial statement.

FURTHER INFORMATION ON THE TARGET COMPANY AND THE PROPERTY

The Target Company is a state-owned enterprise established under the laws of the PRC, with a registered capital of RMB10 million (equivalent to approximately HK\$11.8 million). It is engaged in, among other things, real estate development and management, and property management and its sole asset is the Property.

Set out below is a summary of the audited financial information of the Target Company for the years ended 31 December 2015 and 2016:

	For the year ended	
	31 December	
	2015	2016
	<i>RMB</i>	<i>RMB</i>
Net profit/(loss) before taxation	189.29	(50,624.68)
Net profit/(loss) after taxation	141.97	(38,710.74)

The audited net liabilities of the Target Company at 31 July 2017 was approximately RMB325,762.24 (equivalent to approximately HK\$385,376.73).

The Property comprises two office buildings known as 建發君逸大廈(Jianfa Junyi Building*) and is situated at New Jiangwan City, Yangpu District, Shanghai, PRC with a total saleable gross floor area of approximately 45,298 square metres. Construction works were completed in September 2017, pending final inspection of certain sections, which is expected to be completed on or before 31 December 2017.

IMPLICATIONS OF THE LISTING RULES

As the highest applicable percentage ratio for the Company in respect of the Acquisition is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Group is one of the leading property developers in PRC and principally engages in the development, sale, leasing, management and ownership of high-quality residential, office, retail, entertainment and cultural properties in PRC.

The Seller is 建發房地產集團有限公司 (C&D Real Estate Corporation Limited*), which is the holding company of a conglomerate consisting of over 250 companies with real estate development as its core business, and its operations stretch from upstream land development to downstream property management.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Acquisition”	the acquisition of the entire equity interests in and the shareholder’s loans to the Target Company pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;
“connected person(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;
“Company”	Shui On Land Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 272);
“Consideration”	the total consideration for the Acquisition, being initially approximately RMB1,144.3 million (equivalent to approximately HK\$1,353.7 million) (subject to necessary adjustments if any);
“Directors”	the directors of the Company;
“Group”	collectively, the Company and its subsidiaries;

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of PRC;
“KIC”	Knowledge and Innovation Community project, which is situated in Yangpu District, Shanghai, PRC and owned by the Company indirectly;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of PRC);
“Property”	建發君逸大廈(Jianfa Junyi Building*) situated on Lot 22-3 and Lot 22-4 of New Jiangwan City, Yangpu District, Shanghai, which is owned by the Target Company;
“Purchaser”	上海澤辰房地產經營有限公司(Shanghai Ze Chen Real Estate Co., Limited*), an indirect wholly-owned subsidiary of the Company incorporated in PRC with limited liability;
“RMB”	Renminbi, the lawful currency of PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 December 2017 entered into by the Purchaser and the Seller as supplemented by a supplemental agreement dated the same date in relation to the Acquisition;
“Seller”	建發房地產集團有限公司 (C&D Real Estate Corporation Limited*), a company incorporated under the laws of PRC with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	上海新灣景置業有限公司 (Shanghai Xin Wan Jing Property Limited*), a company incorporated under the laws of PRC with limited liability, which holds the Property; and

“%”

per cent.

For the purpose of this announcement, the exchange rate at RMB1 = HK\$1.183 has been used for illustrative purpose only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rate.

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 20 December 2017

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman) and Mr. Douglas H. H. SUNG (Chief Financial Officer); the non-executive director of the Company is Mr. Frankie Y. L. WONG; and the independent non-executive directors of the Company are Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW and Mr. Anthony J. L. NIGHTINGALE.

** For identification purpose only*